

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317)232-9855

**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 95-8

STATE AGENCY: Department of Environmental Management

DATE PREPARED: June 1, 2000

DATE RECEIVED: May 1, 2000

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

Digest of Proposed Rule: This rule defines various terms concerning solid waste processing facilities. It adds 329 IAC 3-3 to establish new standards for exclusions to the rule and legitimate reuse. The proposal deletes the exclusion regarding segregated solid waste processing and adds 329 IAC 3-4 to establish new standards for the insignificant modifications to permits. The proposal adds 329 IAC 10-3.5 to establish performance standards for solid waste management activities. It also amends additional sections regarding operations of permitted solid waste processing facilities to be consistent with the municipal solid waste landfill rules at 329 IAC 10. The proposal makes numerous technical changes to correct references and to define terms consistently. The proposal also repeals certain provisions of 329 IAC 11.

Governmental Entities: State: The proposed rule does not place unfunded mandates on any state agency. The Department of Environmental Management will experience increases in administrative costs associated with receiving, reviewing, evaluating, and approving or denying applications for additional solid waste processing permits. However, these costs will be recovered by the solid waste processing permit fees, annual operating fees, and renewal fees assessed regulated entities.

Revenue Generated. The initial application fee is \$12,150 with a renewal application fee of \$2,200 every five years. Regulated entities will also be assessed a \$2,000 annual operating fee. An estimated 18 permits will be required during the next seven years, or the life of the proposal. Annual fee revenue is estimated at \$75,162.

IC 13-14-9.5-2 provides that an administrative rule adopted under IC 13-14-9 expires January 1 of the seventh year after the year in which the rule takes effect, unless the rule contains an earlier expiration date. Revenue generated over the seven-year period is estimated at \$510,300. A breakdown of revenue generated is provided below.

Estimated State Revenue Generated for the Seven-year Life of the Proposal Based on an Estimated 18 Facilities That Will Require Permits	
Revenue Source	Revenue Generated
New Permit Fee: \$12,150	The amount of the fee multiplied by the number of facilities (\$12,150 multiplied by 18 equals): \$218,700
5-Year \$2,200 Renewal Fee	The renewal fee, or \$2,200, multiplied by 18 equals: \$39,600
Annual Operating Fee: \$2,000	The annual operating fee, or \$2,000, multiplied by 18 equals \$36,000 multiplied by the life of the rule equals: \$252,000
Total Revenue Generated	\$510,300

State Expenditures: The revenue generated by the fees will cover the new administrative expenditures incurred by IDEM. State entities are not required under the proposal to acquire or maintain a solid waste processing facility.

Local: The proposed rule does not place an unfunded mandate on local governments and will have no effect on local revenues or expenditures. No solid waste management activities and processing facilities owned by local governments currently exist that would require a permit under the proposal. Local entities are not required under the proposal to acquire or maintain a solid waste processing facility.

Regulated Entities:

Summary. The total estimated net impact on all regulated entities is an estimated combined reduction in expenditures and increase in income of approximately \$2.7 M to \$17 M. Individual entities, however, could experience a negative impact.

Background. Two types of solid waste processing facilities that have not been required to have a permit under existing regulation would be required to obtain a permit and pay yearly operating and renewal fees. These solid waste processing facilities include (1) facilities that process industrial waste or pollution control waste outside the boundaries of the generating facilities, and (2) facilities outside the boundaries of the generating facility that process petroleum contaminated soil not regulated under 329 IAC 3.1 or 329 IAC 13. All existing entities that fall under one or two of these categories are privately owned. All other solid waste processing facilities listed in the new rule are already required to obtain a permit. An estimated 18 additional solid waste processing permits would be required under the proposal.

Permit Fees Assessed. The initial application fee is \$12,150 with a renewal application fee of \$2,200 every five years. Entities would also be assessed a \$2,000 annual operating fee. As indicated above, fees assessed regulated entities would generate an estimated **\$510,300** over the seven-year life of the proposal.

Seven construction/demolition processing facilities that are currently not permitted but that have an approved demonstration project will never be required to obtain a permit under the proposal. (These facilities would have needed to obtain a permit without the proposal.) Not requiring these facilities to obtain a permit will save them \$204,610 over the seven-year life of the proposal.

Reduced Disposal Costs for Construction/Demolition Waste. Regulated entities could experience a reduction in expenditures associated with recycling construction/demolition waste under the proposal. The cost to dispose of construction/demolition waste is approximately \$20 per ton. An estimated 10% to 20% of construction/demolition waste could be recycled. In 1998 entities disposed of 192,713 tons of construction/demolition waste. Recycling 10% to 20% of this amount would result in a reduction of 19,271 to 38,542 tons of waste disposed. Applying the \$20 per ton cost, the total reduction in expenditures for disposal costs would equal \$385,420 to \$770,840 per year. **Over the seven-year life of the rule, reduction in disposal expenditures would equal \$2,697,940 to \$5,395,880.**

Legitimate Reuse. The proposal allows some industrial wastes to be reused, which could result in a reduction of disposal costs for some entities as well as generate income. Based on 1998 summary statistics of Indiana solid waste facilities, an estimated 24,000 tons of industrial waste may be available for legitimate reuse. Costs to dispose of industrial waste at a landfill ranges from \$20 to \$70 per ton. Given these figures, regulated entities may be eligible to save from \$480,000 to \$1,680,000 annually in disposal expenses if they elect to reuse as opposed to dispose of the waste material (24,000 tons of industrial waste multiplied by \$20 and \$70). **Reduction in disposal expenditures over the seven-year life of the proposed rule is estimated at \$3,360,000 to \$11,760,000** (\$480,000 to \$1,680,000 multiplied by 7).

Estimated Income Generated from Legitimate Reuse. A facility may charge \$3 to \$4 per ton to provide solid waste for legitimate reuse. Income that could be derived for legitimate reuse is estimated at **\$72,000 to \$96,000** (24,000 tons of industrial waste multiplied by \$3 to \$4). Income over the seven-year life of the proposed rule is estimated at \$504,000 to \$672,000 (\$72,000 and \$96,000 multiplied by 7).

Estimated Expenses Associated with Legitimate Reuse. In order for the waste to be reused, it must first be tested in order to determine its composition. Costs to determine composition per waste stream per facility are estimated at \$2,500. An estimated 50 waste streams would need to have a waste determination. Additional testing would only be needed if the waste stream changed. Testing expenses are estimated at **\$125,000** (\$2,500 multiplied by 50).

Insignificant Modifications. If a currently permitted solid waste processing facility decides to store industrial waste or other items under the new 329 IAC 11-3-4, which pertains to insignificant modification, no permit modification fees are required under the proposal. Under current rules the permitted processing facility would be required to obtain a minor modification permit. Based on past activity in solid waste permitting, an estimated two facilities per year would no longer be required to obtain a minor modification permit under the proposal. The cost of a minor modification is \$2,500. Regulated entities would experience a reduction in permitting expenditures of \$5,000 per year with a **\$35,000 savings over the seven-year life of the rule.**

Performance Standards. All solid waste management activities and facilities are subject to the performance standards. The only new costs associated with performance standards pertain to a minimal amount of additional documentation that may be required. Additional documentation is estimated to require three to five hours per activity per activity. At \$20 per hour, the cost per activity per year is \$60 to \$100. The number of different solid waste management activities is estimated at between 500 and 5,000. The estimated annual cost for additional documentation equals \$30,000 to \$500,000 (\$60 to \$100 multiplied by 500 to 5,000). **Costs for the life of the rule equal \$210,000 to \$3,500,000.**

Transfer Stations. New transfer stations are required to construct a building for processing solid waste. Under the proposal, existing transfer stations that do not currently have a building would not be required to construct a building. **This provision would save an indeterminable number of transfer stations from having to**

construct a building.

Potable Water Supply. Under the proposal, existing permitted solid waste processing facilities, that are not transfer stations, would be required to provide a potable water supply to the facility. (A potable water supply is already required at transfer stations.) Approximately three facilities would need to provide potable water. Costs to drill a well, connect with city water, or obtain a cistern are estimated at between \$1,000 and \$10,000. **Increased costs are estimated at \$3,000 to \$30,000** (3 multiplied by \$1,000 and \$10,000).

Screening Program. Processing facilities that are not transfer station would be required to implement a hazardous waste, PCB waste, and unauthorized waste screening program. (Transfer stations are currently required to have screening programs). An estimated three facilities would need to establish a screening program. Costs associated with screening programs for the three facilities are estimated below.

One-time expenditures for plan development are estimated at \$2,000 per facility for a total of \$6,000 (3 facilities multiplied by \$2,000). Annual expenses of \$500 for operator training programs multiplied by three facilities equals \$1,500 multiplied by the seven-year life of the rule equals \$10,500. An estimated \$20 per one hour screening time per week multiplied by 52 weeks per year equals \$3,120 annual costs multiplied by the seven-year life of the rule equals \$21,840. **One-time plan development, annual training for seven years, and screening costs over the seven-year life of the rule equal \$38,340** (\$6,000 plus \$10,500 plus \$21,840).

The overall impact on regulated entities is detailed below.

Estimated Impact on Expenditures and/or Income on Regulated Entities Over the Seven-year Life of the Rule				
Activity	Expenditures*	Savings	Income	Net Impact: Increase in Costs/ (Decrease in Costs)
<i>Permit Fees</i>	\$510,300	\$204,610		\$305,690
<i>Reduced Disposal Costs for Construction/ Demolition Waste</i>	(\$2,697,940 to \$5,395,880)			(\$2,697,940 to \$5,395,880)
<i>Legitimate Reuse</i>	(\$3,360,000 to \$11,760,000)**		\$504,000 to \$672,000	(\$3,864,000 to \$12,432,000)
<i>Insignificant Modifications</i>	(\$35,000)			(\$35,000)
<i>Performance Standards</i>	\$210,000 to \$3,500,000			\$210,000 to \$3,500,000
<i>Potable Water Supply</i>	\$3,000 to \$30,000			\$3,000 to \$30,000
<i>Screening Program</i>	\$38,340			\$38,340

Total (Reduction in Costs)***				(\$2,722,910 to \$17,305,850)
<p>*parenthesis indicate a decrease in expenditures **A reduction in disposal expenditures of \$3,360,000 to \$11,760,000 with an increase in waste determination expenditures of \$125,000 results in a net reduction in expenditures of \$3,235,000 to \$11,635,000. ***Individual entities could experience an increase in costs.</p>				

Information Sources: Lynn West, Senior Environmental Manager I, Office of Land Quality; Jerry Rud, Section Chief, and John Hale, Environmental Manager I, Solid Waste Permitting Database; Daniela Klesmith, Environmental Engineer, Permits Section; Tracey Barnes, Senior Environmental Manager, Industrial Waste Compliance; Bob Snodgrass, Senior Environmental Manager, Solid Waste Compliance; Indiana Department of Environmental Management.